

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2006-AH- 002**

IN THE MATTER OF:
TRI-STATE MORTGAGE GROUP, INC.

SETTLEMENT AGREEMENT

BACKGROUND AND FACTUAL FINDINGS

1. Tri-State Mortgage Group, Inc. ("Tri-State") is licensed by the Office of Financial Institutions ("OFI") to conduct business as a mortgage loan company. Tri-State's principal office is at 7436 Burlington Pike, Florence, Kentucky 41042 and its mortgage loan broker license number is 1062-B.

2. On October 6, 2005, an examination was conducted into the condition, workings and affairs of Tri-State in order to determine whether there were any violations of law or any unauthorized unsafe practices or any failure to keep or have correct any required books and records.

3. In the course of that examination it was discovered that Tri-State had an individual originating mortgage loans on Kentucky properties without being registered with OFI.

4. As of July 1, 2004, no mortgage loan broker and no loan officer may originate mortgage loans in Kentucky unless they are registered with OFI and have been issued a certificate of registration.

5. Tri-State's employment of unregistered mortgage loan officer to originate loans on Kentucky properties was a violation of KRS 294.255(1).

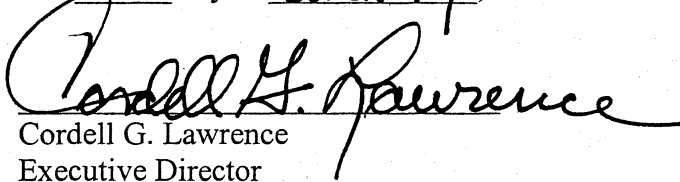
AGREEMENT AND ORDER

The Office of Financial Institutions and Tri-State, in the interest of economically and efficiently resolving the issues raised in the foregoing Background and Factual Findings, agree as follows:

1. Tri-State Mortgage Group, Inc. agrees to pay a fine in the amount of one thousand (\$1,000) dollars, which shall be made payable to "Kentucky State Treasurer" and mailed to the Office of Financial Institutions, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

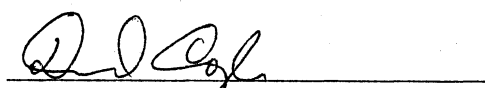
2. In regard to this matter, Tri-State Mortgage Group, Inc. waives its right to demand a hearing, at which Tri-State Mortgage Group, Inc. would be entitled to legal representation, to confront and cross examine witnesses for the Office of Financial Institutions, and to present evidence on its own behalf. Further, Tri-State Mortgage Group, Inc. consents to and acknowledges the jurisdiction of the Office of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.

IT IS SO ORDERED on this the 24 day of January, 2006.

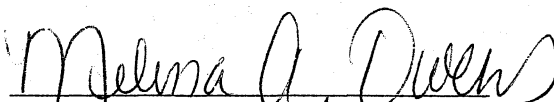

Cordell G. Lawrence
Executive Director

Consented to:

This 11th day of January, 2006


David Coyle, Director
Division of Financial Institutions
Office of Financial Institutions

This 17th day of January, 2006


Melissa A. Owens
President
Tri-State Mortgage Group, Inc.